

So let's just take a quick look at some of the stuff that they have been saying. Their myth is that the REDUCE Act affects all plastic products. No. Read the bill. It is a fee on single-use plastics that targets the fossil fuel companies that make the fossil fuel feedstock for those single-use disposable plastic products.

All you have to do is read the bill to see that. I don't know how we could make that any clearer. We specifically exempt anything other than single-use disposable plastics.

Further, if it is a single-use disposable plastic that is used in healthcare, that is used in hospitals, in patient treatments, we understand that; we exempt that too. It is the plastic spoons and the straws and the wrapping and the foam containers and all the rest of that junk that you can walk down any beach in America and see; that is the junk we are trying to see gets properly recycled by charging a fee on the people who are throwing this stuff out into the environment and not recycling it—or at least 98 percent not recycling it.

Here is the other myth: The REDUCE Act disadvantages U.S. businesses; we will fail in international competition if we do this.

Not true. If you are importing plastic, you have to pay just the same way as if you used U.S.-made plastic. This is a fee on plastic that touches the U.S. economy if it is going to be single-use disposable, and we are going to need to think about recycling it. It applies to any company doing business in the United States and imports from foreign companies. So that is another made-up myth.

And the last one, which is really—maybe it is designed to annoy me, but it is that the fee on plastics to encourage recycling would actually harm our climate; that this is an anti-climate piece of legislation.

The fact of the matter is that by the middle of the century, plastics will account for about a quarter of global oil consumption. This is what the fossil fuel industry is banking on for its future as we start driving electric cars that are nicer than internal combustion cars and cheaper and easier to maintain.

By 2030, greenhouse gas emissions from new plastics production will reach 1.3 billion tons—1.3 billion tons—which is equivalent to running 300 coal-fired powerplants. That doesn't sound to me much like sustainability.

This REDUCE Act is a fair and sensible and effective response to plastic pollution that is filling up our oceans, our rivers, and even our raindrops. The costs will be paid by the fossil fuel industry where the profit is made.

And by the way, when they try to push that cost down to consumers, good luck, ExxonMobil, telling Coca-Cola: We are raising our prices to you. Coca-Cola and all of its beverage companies have got pretty significant market clout, and they might just say: Not so fast, pal; you eat that cost. This is your mess; you clean it up.

Anyway, it is a good discussion to have because 2 percent of the plastics stream being recycled, 10 percent or less of plastic in the blue bins ever actually being recycled, and an ocean that has equal parts waste plastic and fish in it by 2050 is not acceptable.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

#### TAXES

Mr. PORTMAN. Mr. President, I am here on the floor today to talk about the massive tax increases that are being proposed by my colleagues on the other side of the aisle and by the Biden administration and by the Democrats in the House as a way to pay for this big, new spending package—\$3.5 trillion is what it is advertised as, although some say that, if you do the full 10-year calculation, it is more like \$5 trillion. But it is a lot of money, and the way it is paid for is by a huge increase in taxes. It is the biggest tax increase, actually, we are told, in over 50 years.

And I have been on the floor talking about this a few different times, and I talked about the impact on the economy, generally. I talked about the impact on our competitiveness internationally, which we finally fixed in 2017, which was really a bipartisan idea to go to a different kind of system, and it has worked so well.

But today I want to talk about another sector of our economy that is going to be hit really hard by these taxes, and that is small businesses, the backbone of our economy where most people work. Specifically, I want to focus on how these small businesses are going to be hurt by the specific tax issues that are being proposed.

Small businesses are generally defined as having 500 or fewer employees and make up about 99 percent of our companies in America. There are some really big companies, but when you look at the small businesses, they are, by far, the vast majority of our businesses—about 32 million of them. They employ over half of the U.S. workforce, and they account for nearly two-thirds of all jobs created in the United States since 2000. Now, that is according to the Small Business Administration.

So more than half the employees are there, but they actually are responsible for creating more jobs than big businesses. Think about it. Small businesses are more agile. It tends to be the startup businesses. It tends to be businesses that are hiring more people. So small business is really important. It is the backbone to our economy.

I grew up in one of those small businesses. When I was a kid, my dad left his job as a salesman for a bigger company, where he had healthcare and the benefits that come with that. And he sort of put it all at risk to start his own business.

He started off with five employees. My mom was the bookkeeper. They lost money the first few years, like a lot of small businesses do, but he hung in there. And my brother worked there

and my sister worked there and I worked there. I worked on the shop's floor. I did the maintenance.

It was a lift truck—forklift truck dealership, so we would grind down the lift trucks and paint them. And I learned how not just to work hard but learned how a small business can succeed. And it is not easy.

After losing money the first few years, my dad found his niche and became a successful small business. My brother later took the business to an even higher level, but it was still a small business that struggled depending on what was happening in the economy, external factors they couldn't control, like every small business.

It gave me a firsthand look as to how difficult it is and how important it is, both, to have small businesses out there. My dad was absolutely committed to ensuring the people who worked there felt like they were part of it, so he had a profit-sharing plan. It didn't work too well when there was no profit, but once there was profit, it worked pretty well. And there were guys who turned a wrench their whole career, lift truck technicians whom I have known my whole life, who are about my age, who are retiring today with a nice nest egg because of that profit-sharing plan and, then later, a 401(k). So I have seen what small businesses can do for their employees, for the local economy, for the broader community.

During COVID-19, small businesses have really struggled. It has been tough. They have been stretched really thin. As I am sure is the case with every single one of my colleagues here in the U.S. Senate, I have heard from a lot of small business owners across my home State of Ohio who have told me about the issues that they faced due to shutdowns, due to people being sick, due to the very difficult job right now of just getting workers to come to the business and to stay in the business. Workforce problems are the No. 1 issue I now hear about back home.

And due to the supply chain disruptions, taking longer and longer to get products and products having a higher and higher price due to the inflation that is reflected in that, it is tough right now. Despite these hardships, a lot of the small businesses I know have made it a real priority to ensure they are taking care of their people.

We helped them do that here through the PPP program, the Paycheck Protection Program. I strongly support it because I have seen it work. I have seen employees be able to stick around through the worst of COVID and now be able to come back to work.

We have got another surge going on right now in my home State and around the country with the Delta variant, but we are learning better how to keep people at work and how to ensure that folks are taken care of. Often these small business owners have done this out of their own pockets; in other words, they have lost money during the

COVID period in order to keep the business going. And if they can afford to do that, great; they can keep the doors open. Some have not been able to do that, and they have had to close their doors.

So this is a time when there is a lot of uncertainty out there in the economy. It is a time when businesses have kind of been through the roller coaster of COVID. It is not the time to raise taxes on small businesses.

Back in 2017, Congress had the value of these small businesses in mind when we wrote the historic Tax Cuts and Jobs Act reforms. Through provisions like lowering the individual rate of taxation and enacting what is called the section 199A deduction, we gave small businesses needed tax relief and encouraged them to invest in growing their operations, hiring more workers, lifting wages.

And it worked. The success of small businesses in 2018 and 2019, before COVID and after the 2017 bill was put into effect, was truly extraordinary. In February of 2020, just before COVID hit, we had the 19th straight month of wage increases of 3 percent or more on an annual basis. Nineteen straight months we had wages going up.

Isn't that what we all wanted? That was the whole idea, to have an opportunity economy where people can get ahead. And wages were going up faster than inflation, which, unfortunately, is not the case now. In many instances, even when people are getting some wage gains right now, with 5 percent-plus inflation, it is eating it up.

We also had a situation back then where we had not just wage growth but we had a reduction in poverty. We had the lowest poverty rate since we started keeping track of it back in the 1950s, prior to COVID. I think a lot of it was because those tax cuts actually worked. And, again, for a small business, it is really important because that is where most people are employed.

We also had the lowest unemployment in 50 years in this country and the lowest unemployment ever for certain groups, including Blacks, Hispanics, the disabled. So a lot of stuff was going right. Then COVID hit.

Now we are coming out of COVID. Again, the wrong time to raise taxes. That Tax Code we put in place in 2017 gave small business the chance to succeed and, therefore, gave a lot of individuals the chance to meet their American dream.

The overall economy has improved some since 2020, but a lot of small businesses have not seen that rebound yet. COVID, particularly, has hurt our hospitality sector. I am in that business. My family business is in that business as well. It is tough.

The travel business, entertainment business, and every small business, again, that I know has been hit with higher inflation for their input. So things are more expensive coming in, and yet it is hard to be able to raise

your prices, so they are caught in a squeeze. Finding workers again has been a real change—the supply chain issues we have talked about.

So why would Democrats propose billions in tax hikes on small businesses right now?

We ought to be helping our small businesses instead, not making it harder to stay afloat. Remember, as I said, these are the biggest tax increases we have had in over 50 years.

Democrats claim they are just going after large corporations, but, unfortunately, that is not what is happening. A lot of small businesses are going to be caught in the crosshairs of the income tax hikes that Democrats are proposing. That is primarily because about 95 percent of small businesses operate as what is called pass-throughs.

The vast, vast majority of small businesses are partnerships, sole proprietorships, or companies that are limited liability companies with subchapter S companies. So the business doesn't pay the taxes directly. The tax is actually paid by the owners of the business, on their 1040—individual tax return.

What that means is that success of pass-throughs, which combine to employ about 58 percent of the Nation's workforce, will be taxed in line with whatever the income tax level is. And there are many reasonably successful pass-throughs that will be lumped into the top bracket of the Tax Code, which starts at \$400,000 in income.

These small businesses, through the owner, will end up paying a 39.6 percent increase tax, plus a 3.8 percent surtax on small business income. You add to that the average State income tax of about 5 percent, and that puts the figure for small businesses at about 48 percent on average—and well over 50 percent in some States—48 percent taxes. That is tough. And it is a big tax increase for a lot of those businesses. Again, they are pass-through businesses, so the owners are the ones who pay the taxes.

If they weren't paying the taxes, they wouldn't often get a dividend from the company to pay those taxes; they would be investing more in that business. So it hurts the businesses directly. But a pass-through doesn't even have to reach that level of success we talked about—the \$400,000 income level—in order to be hit with tax increases. That is because, contrary to what has repeatedly been said by the Biden administration, according to the nonpartisan Joint Committee on Taxation analysis of the House Ways and Means, Democratic tax proposal, a lot of taxpayers making less than \$400,000 are going to see higher taxes. Some percentage of taxpayers in every income bracket will see their rates go up, even folks making between 40,000 and 50,000 bucks per year. Check out the analysis yourself. You can go online, Joint Committee on Taxation, and look at it.

In fact, according to these distribution tables by the Joint Committee on

Taxation, more than one in three taxpayers making between \$100,000 and \$200,000 per year will be paying higher taxes in 2023. By 2031, more than three-quarters of those middle-income taxpayers—between 100- and 200,000 bucks a year—will be paying higher taxes.

Remember, again, this is not just a tax on individuals; it is a tax on small businesses that are taxed through individuals.

On top of that, Democrats want to cap the invaluable 20-percent deduction on qualified business income that was designed to help pass-throughs compete with larger C corporations.

Again, in 2017, not only lowered the rates to help small businesses, but we said: If you are a small business, you can get this deduction—this 20 percent deduction—on qualified business income.

And for the small businesses listening this evening: Watch out. I know you have enjoyed that deduction and you have needed it to be able to stay afloat during COVID. That is now at risk.

And successful small businesses earning more than \$5 million a year will be saddled with an additional 3-percent surcharge on top, resulting in over 50-percent average income tax. That means small businesses are going to have a harder time hiring workers or paying them competitive wages.

In all, the average pass-throughs should expect their Federal tax rate to rise from about 29.6 percent—about 30 percent now—to 46.4 percent under the Democrats' new plan.

Folks, that is not soaking the rich. That is slamming small business owners all across America, as well as their employees, many of whom are just trying to make ends meet.

But Democrats don't just want small businesses to give more of their money to the Federal Government; they want to make small businesses give more of their time as well in the form of burdensome new information requirements that would bury the IRS in a sea of useless information, largely, that would end up causing the most trouble for small businesses that don't have the lawyers or the accountants and other professionals to handle these burdensome new requirements.

Under this Biden administration bank reporting proposal, individual and businesses would be required to report to the IRS inflows and outflows of money out of an account—things like expenditures and payments. The Biden administration proposal starts this reporting as low as \$600.

But even at that higher number that they are talking about now, what would be reportable would represent a radical shift in the information required to be given to the IRS, which normally just takes in information related to income. This wouldn't be about income. This would be about payments and expenditures.

So my hope is that these information reporting requirements, which is an additional burden on small businesses, is

something my colleagues look at and say: Let's not raise taxes on small businesses, but also let's not increase these burdens that will, again, fall mostly on the smaller businesses that don't have the ability to handle that kind of new information and bureaucracy.

The upshot is that the hundreds of millions of accounts with major financial institutions; e-payment apps, like Venmo; and cryptocurrency exchanges, like Coinbase, are going to be subject to more paperwork and confusion.

So as an example, if you have one of the 403 million active PayPal accounts, your personal account information will be sent to the IRS and likely result in confusion at some point. Imagine trying to prove that the money you are pooling together for a vacation for personal use or for your weekly pizza night with buddies aren't business income. You may have to prove that now.

These small business tax hikes and burdensome new reporting requirements are just one part of a set of tax overhauls that leave no stone unturned—from death taxes to marriage taxes, capital gains tax increases, retirement account tax increases, and many more.

It is no surprise that the president of the National Federation of Independent Businesses wrote last week that "small businesses aren't just looking at one or two tax hikes under the proposed plan. They're looking at a slew of tax increases that would hit them from every angle."

We all ought to be particularly concerned that Democrats want to overhaul so much of our Tax Code when these economic trends are so uncertain—high inflation, continuing COVID concerns, major supply chain disruptions.

By the way, it now takes 80 days—twice as long as it did before the pandemic—to move goods from Asia to North America. Once goods reach the west coast, the wait time for containers sitting at the docks waiting to be moved by train or truck is the longest it has been since last summer, in the middle of even worse COVID conditions. This is not the time to make things worse for small businesses.

And at a time when tax receipts are at or above the historical average, why do Democrats feel so strongly that America is undertaxed?

The nonpartisan Congressional Budget Office—or CBO—projects corporate tax receipts will climb to \$379 billion in 2023, or 1.5 percent of our economy. According to the Tax Foundation, this would be "a record high in nominal terms and nearly matching average corporate tax collections as a share of GDP" prior to the 2017 tax reforms.

So payroll tax revenue has risen by 4 percent as well, suggesting that workers are taking home bigger paychecks than before. To say that we are undertaxed doesn't seem to be consistent with the data we are getting.

Again, check it out. The Congressional Budget Office has its own website. You can learn about this. The Tax Foundation has its own website. You can learn about what is going on in terms of our tax collections.

As a share of the GDP, those tax collections will be back up right where they were before the 2017 tax bill, in a couple of years, if we simply continue as we are.

So the opportunity economy we talked about earlier, I think, in large part created by the 2017 tax reforms is on track to bring historically high tax revenues to the Federal Government as we get out of this COVID crisis.

Really, one of the biggest factors in holding back our economy at this point is surging inflation that is, unfortunately, wiping out a lot of the income gains that we have seen.

But inflation is driven largely by the trillions in unprecedented stimulus spending the Biden administration has pushed on the American people already.

Remember the \$1.9 trillion back in March focused—so the Democrats said—on COVID; but, in fact, when you looked at it, most of it was not about the COVID crisis, but it was a lot of new stimulation to the economy—a lot of stimulus.

And at the time, people on both sides of the aisle—Republicans and Democrats—who were experts on the economy said this is going to be problematic; this is just a lot of new money to throw into the economy.

Larry Summers, former Secretary of the Treasury under Democratic administrations and a Democratic economist, said this is going to lead to higher inflation. He was roundly criticized for that by many in the media and many on the other side of the aisle. Unfortunately, it turns out he was absolutely right. It has led to this high inflation that, as we learned this week from Chairman Powell of the Federal Reserve, is not transitory, as was said early on. Unfortunately, this current inflation is going to continue at least through this year and next year, we are told.

So this new \$3.5 trillion in social spending is going to add to that—more stimulus. The economists call that adding to the demand side of the economy. So you are adding to the supply side of the economy; it would be counter-inflationary. But you are adding to the demand side, what people want to buy—you are adding to inflation. So more money out there to be buy the goods; fewer goods raises the cost of everything.

So my concern is we are going to drive inflation even higher if we go ahead with this \$3.5 trillion social spending paid for, again, by these tax increases that are going to hurt small businesses.

I can't understand why Democrats are so insistent on jamming this partisan tax-and-spending bill through the U.S. Congress.

Why would you want to throw out the Tax Code that fueled that unprecedented opportunity economy we saw prior to the COVID pandemic?

I know none of my Republican colleagues are going to support these tax hikes because they believe they would be devastating to small businesses and to our economy at large. And I would urge any of my colleagues on both sides of the aisle who care about our long-term economic health to take a long look at what this tax plan would actually do, what it would mean to our competitiveness, what it would mean to individuals and families, what it would mean to small businesses, and instead make the smart choice to reject these tax increases on the small businesses—the very small businesses that drive the economy in the United States of America.

I yield back my time.

The PRESIDING OFFICER (Mr. KELLY). The majority leader.

Mr. SCHUMER. Mr. President, we are ready to move forward. We have an agreement on the CR, the continuing resolution, to prevent a government shutdown. And we should be voting on that tomorrow morning. So I am going to make that an order now.

#### UNANIMOUS CONSENT AGREEMENT—H.R. 5305

Mr. SCHUMER. Mr. President, as if in legislative session and notwithstanding rule XXII, I ask unanimous consent that upon the conclusion of morning business on Thursday, September 30, the Senate proceed to the consideration of Calendar No. 137, H.R. 5305; that Senator LEAHY, or his designee, be recognized to offer substitute amendment No. 3830 and that the amendment be reported by number, that only the first-degree amendments in order be the following: Cotton No. 3833, Afghan refugees; Marshall No. 3831, vaccine mandate; Braun No. 3832, No Budget No Pay; that at 10:30 a.m. on Thursday, the Senate vote in relation to the first-degree amendments in the order listed, with no second-degree amendments in order; that upon disposition of the amendments, the Senate vote on the substitute, as amended, if amended; that the bill be considered read a third time, and the Senate vote on passage of the bill, as amended, if amended, with the Braun and Marshall amendments and passage requiring 60 affirmative votes for adoption; and that there be 2 minutes for debate equally divided prior to each vote, all without intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### LEGISLATIVE SESSION

#### MORNING BUSINESS

Mr. SCHUMER. Mr. President, I ask unanimous consent that the Senate proceed to legislative session and be in